



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

September 6, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**LEASE AMENDMENT
DEPARTMENT OF HEALTH SERVICES
695 SOUTH VERMONT AVENUE, LOS ANGELES
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached lease amendment with Wilmont Inc., (Lessor), for a five-year term extension of the existing office space located at 695 South Vermont Avenue, Los Angeles, for use by the Department of Health Services (DHS), Immunization, Environmental and Epidemiology units at the initial annual base rent plus parking of \$233,772. The rental costs are partially funded by license and permit fees, direct assessments and the remainder is net County cost. The new five-year lease term will commence upon expiration of the current lease term.
2. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 1, 1988, your Board adopted a ten-year lease which was later amended to extend the term for an additional five years, to relocate the Department of Children and Family Services (DCFS), Adoptions Division from 2550 West Olympic Boulevard to the subject facility. Effective June 30, 2004, the County of Los Angeles (County) terminated the lease, DCFS concluded occupancy of 71,370 square feet of office space and relocated the entire staff to various existing locations to consolidate services and more efficiently utilize existing leased space.

The County, with Lessor's approval, subsequently rescinded the termination notice for a portion of the space. The County then backfilled the entire 14th floor with DHS programs and resumed the corresponding rent effective August 1, 2004, through the remainder of the current lease term. The 14th floor, comprising 14,730 rentable square feet, is not divisible and DHS will continue to occupy 12,942 rentable square feet until a backfill program is identified to occupy the balance of the space. In the interim, DHS will be responsible for payment of rent for the entire floor.

The proposed action will continue to provide DHS sufficient office space to house the 34 staff members of the Southwest Area Immunization Field Unit, the 21 staff members of the Environmental Health District Environmental Services (DES) and the 12 staff members of the Toxic Epidemiology Unit. The Immunization Field Unit distributes vaccine and immunization related health education materials to non-profit health care agencies throughout Service Planning Areas 4, 5, 6 and 8. DES staff inspects rental housing and investigates complaints throughout south Los Angeles, Watts, Willowbrook, Compton, Lynwood, Paramount and adjacent County areas. The Toxic Epidemiology Unit investigates environmentally related illnesses, provides expert consultation and education to impacted professionals and direct services to residents.

Implementation of Strategic Plan Goals

In compliance with the Countywide Strategic Plan, DHS staff will continue to provide efficient delivery of and convenient and centralized public access to health services (Goal 1, Service Excellence and Goal 3, Organizational Effectiveness). Continued occupancy under the lease structure eliminates additional relocation and lease costs (Goal 4, Fiscal Responsibility). The proposed lease amendment supports these goals with a centrally located DHS facility, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The current lease term will expire on October 16, 2005, however, the building ownership has extended the County's right to exercise the renewal option to 30 days prior to expiration of the current lease term or by September 16, 2005.

The proposed action will extend the term of the current lease under the prevailing terms and conditions and provide the County an additional five-year renewal option. The rental rate includes upgrades to the premises at no additional cost to the County. The proposed lease amendment will provide DHS uninterrupted use of 14,730 rentable square feet of office space at a base monthly rent of \$16,181.01, or \$194,172 annually, plus 55 parking spaces at \$39,600 annually. During the term, the rent will be subject to annual Consumer Price Index (CPI) adjustment capped at four percent, as provided in the underlying agreement.

| 695 SOUTH VERMONT AVENUE | EXISTING LEASE AS AMENDED | PROPOSED AMENDMENT | CHANGE |
|---------------------------------|---|---|---|
| Area (Square feet) | 14,274 | 14,730 | +456* |
| Term | 08/01/04 – 10/16/05 | 10/17/05 - 10/16/10 | +45.50 months** |
| Annual Base Rent | \$194,172 or \$13.60/sq. ft. | \$194,172 or \$13.18/sq. ft. | -\$.42/sq. ft.*** |
| Annual Parking | \$30,960 or \$60/space/month for 43 spaces | \$39,600 or \$60/space/month for 55 spaces | +\$8,640 or \$60/space/month for 12 additional spaces |
| Cancellation | County after 24 months upon 120 days prior written notice | County after 36 months upon 120 days prior written notice | +12 months |
| Option to Renew | One five-year option | One five-year option | +One additional five-year option |
| Option to Expand | Right of First Refusal to lease additional space | Right of First Refusal to lease additional space | None |
| Rental Adjustment | CPI capped at 4% | CPI capped at 4% | None |

- * The premises square footage was increased pursuant to measurement by the Lessor and verified by the County according to the Building Owners and Managers Association (BOMA) standard for the measurement of office space.
- ** The County substituted DHS as tenant and commenced the rent with 14.5 months remaining in the current five-year term.
- *** The premises square footage was increased, however, the monthly rent remained the same which reduced the actual cost per square foot.

Sufficient funding for the base rent, plus parking of the proposed amendment, is included in the 2005-2006 Rent Expense Budget and will be billed back to DHS.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed amendment will provide uninterrupted use of 14,730 rentable square feet of office space, and up to 55 parking spaces. The amendment extends the term under the same terms and conditions provided in the original lease as amended, including the following provisions:

- The five-year term will commence October 17, 2005, upon expiration of the current lease term;
- The current monthly base rent of \$16,181.01 will continue and remain subject to annual CPI adjustment not to exceed four percent;
- The County will have the right to lease up to 55 structured parking spaces within the building at \$60 per space per month;
- The County will have the right to cancel the lease after 36 months upon 120 days prior written notice;
- The Landlord will immediately paint, and after 24 months of the lease term, carpet the entire premises at its sole cost and expense. The work will be performed after normal working hours and on weekends.
- The premises square footage has been adjusted by measurement according to the BOMA standard for the measurement of office space. The measurement was independently conducted by the Lessor and County to determine the square footage of the leased premises.

The CAO, Real Estate Division staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any suitable sites in the surveyed area that could accommodate this space requirement. Staff has established that the rental range for similar space is between \$13.18 and \$18.00 per square foot per year full service gross without parking. Annual parking rates range between \$720 and \$1,800 per space. Thus, the base annual rental rate of \$13.18 full service gross plus annual parking at \$720 for the proposed lease represents the lower range of the market for the area. Attachment B shows all County-owned or leased facilities in the proximity of the service area, and there are no County-owned or leased facilities available for this program.

The Department of Public Works has completed a seismic inspection of the facility and found it suitable for the County's continued occupancy.

LEGAL/NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section (b) of the State CEQA Guidelines.

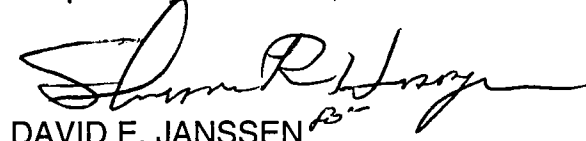
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease amendment is in the best interest of the County and will provide the space necessary for DHS to continue program operations. In accordance with your Board policy on the housing of any County offices or activities, DHS concurs in the lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the lease amendment, two originals of the certified copies of the Minute Order and the adopted, stamped Board letter to the CAO Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:MM:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Department of Health Services

DEPARTMENT OF HEALTH SERVICES
695 SOUTH VERMONT AVENUE, LOS ANGELES
Asset Management Principles Compliance Form¹

| | | | | | |
|----|--|--|-----|----|-----|
| 1. | Occupancy | | Yes | No | N/A |
| A | Does lease consolidate administrative functions? ² Administrative functions will remain centralized at DHS headquarters. | | | | X |
| B | Does lease co-locate with other functions to better serve clients? ² The Department will continue to use the building exclusively for DHS programs pending backfill of available space in the future that could house other functions. | | | X | |
| C | Does this lease centralize business support functions? ² | | | | X |
| D | Does this lease meet the guideline of 250 sq.ft of space per person? ² | | X | | |
| 2. | Capital | | | | |
| A | Should this program be in leased space to maximize State/Federal funding? | | | | X |
| B | If not, is this a long term County program? | | X | | |
| C | Is it a substantial net County cost (NCC) program? Partial NCC. Costs are partially offset by license/permit fees and direct assessments. | | X | | |
| D | If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy? Amendment to operating lease. | | | X | |
| E | If no, are there any suitable County-owned facilities available? | | | X | |
| F | If yes, why is lease being recommended over occupancy in County-owned space? | | | | X |
| G | Is Building Description Report attached as Attachment B? | | X | | |
| H | Was build-to-suit or capital project considered? Budget constraints prohibited the consideration of a build-to-suit or capital project. | | | X | |
| 3. | Portfolio Management | | | | |
| A | Did department utilize CAO Space Request Evaluation (SRE)? | | X | | |
| B | Was the space need justified? | | X | | |
| C | If a renewal lease, was co-location with other County departments considered? | | X | | |
| D | Why was this program not co-located? | | | | |
| | 1. ___ The program clientele requires a "stand alone" parking area. | | | | |
| | 2. <u>X</u> No suitable County occupied properties in project area. | | | | |
| | 3. <u>X</u> No County-owned facilities available for the project. | | | | |
| | 4. ___ Could not get City clearance or approval. | | | | |
| | 5. ___ The Program is being co-located. | | | | |
| E | Is lease a full service lease? ² | | X | | |
| F | Has growth projection been considered in space request? | | X | | |
| G | Has the Dept. of Public Works completed seismic review/approval? | | X | | |
| | ¹ As approved by the Board of Supervisors 11/17/98 | | | | |

²If not, why not?

Attachment B

DEPARTMENT OF HEALTH SERVICES
SPACE SEARCH - 3 MILE RADIUS - 695 SOUTH VERMONT AVENUE, LOS ANGELES

| LACO | FACILITY NAME | ADDRESS | SQUARE | FEET | OWNERSHIP |
|------|--|--|--------|--------|-----------|
| | | | GROSS | NET | |
| 5461 | DHS-HOLLYWOODWILSHIRE PUBLIC HEALTH CENTER | 5205 MELROSE AVE, LOS ANGELES 90038 | 27578 | 14811 | OWNED |
| A578 | AUDITOR - SHARED SERVICES INITIATIVE | 3470 WILSHIRE BLVD, LOS ANGELES 90010 | 11400 | 10830 | LEASED |
| A424 | DPSS-EQUITABLE PLAZA BUILDING | 3435 WILSHIRE BLVD, LOS ANGELES 90010 | 65871 | 62577 | LEASED |
| A532 | HEALTH-WILSHIRE METROPLEX BUILDING | 3530 WILSHIRE BLVD, LOS ANGELES 90010 | 113027 | 101920 | LEASED |
| A425 | DCFS-DEPARTMENTAL HEADQUARTERS BUILDING | 425 SHATTO PL, LOS ANGELES 90020 | 80756 | 76065 | LEASED |
| A369 | DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE | 501 SHATTO PL, LOS ANGELES 90020 | 17751 | 15976 | LEASED |
| A408 | DCFS-THE U S BORAX BUILDING | 3075 WILSHIRE BLVD, LOS ANGELES 90010 | 132488 | 105568 | LEASED |
| X532 | DCSS-LE SAGE COMPLEX 1 STORY BUILDING | 532 S VERMONT AVE, LOS ANGELES 90020 | 14126 | 10314 | OWNED |
| X317 | DCSS-LE SAGE COMPLEX 4 STORY BUILDING | 3175 W 6TH ST, LOS ANGELES 90020 | 52230 | 42341 | OWNED |
| A413 | HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING | 3333 WILSHIRE BLVD, LOS ANGELES 90010-4109 | 76304 | 65438 | LEASED |
| A160 | MENTAL HEALTH-HEADQUARTERS OFFICE ANNEX | 3160 W 6TH ST, LOS ANGELES 90020 | 60800 | 28372 | LEASED |
| X550 | MENTAL HEALTH-LE SAGE COMPLEX TOWER | 550 S VERMONT AVE, LOS ANGELES 90020-1991 | 171651 | 149668 | OWNED |
| X510 | PARKS & REC-LE SAGE COMPLEX 2 STORY BUILDING | 510 S VERMONT AVE, LOS ANGELES 90020 | 31540 | 24835 | OWNED |
| Y193 | PARKS & RECREATION-HEADQUARTERS BUILDING | 433 S VERMONT AVE, LOS ANGELES 90020 | 31862 | 21777 | OWNED |
| B695 | HEALTH-IMMUNIZATION PRG/MEN/ENVIRONMENTAL HEALTH | 695 S VERMONT AVE, LOS ANGELES 90010 | 14274 | 12847 | LEASED |
| O660 | DPSS-GAIN PROGRAM REG IV/ MEDICAL OUTSTATION | 2910 W BEVERLY BLVD, LOS ANGELES 90057 | 120327 | 33635 | LEASED |
| A360 | DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE | 2601 WILSHIRE BLVD, LOS ANGELES 90057 | 62000 | 60140 | LEASED |
| B622 | DPSS-WILSHIRE SPECIAL DISTRICT OFFICE | 2415 W 6TH ST, LOS ANGELES 90057 | 46228 | 42065 | LEASED |
| 5353 | DPSS-METRO SPECIAL DISTRICT OFFICE | 2707 S GRAND AVE, LOS ANGELES 90007 | 115242 | 89650 | OWNED |
| 6518 | THE ADAMS & GRAND BUILDING | 2615 S GRAND AVE, LOS ANGELES 90007 | 215439 | 183874 | OWNED |
| 5266 | METROPOLITAN COURTHOUSE | 1945 S HILL ST, LOS ANGELES 90007 | 303434 | 125469 | FINANCED |
| 5546 | DHS-CENTRAL PUBLIC HEALTH CENTER | 241 N FIGUEROA ST, LOS ANGELES 90012 | 60924 | 34748 | OWNED |
| A159 | DISTRICT ATTORNEY-FIGUEROA PLAZA | 201 N FIGUEROA ST, LOS ANGELES 90012 | 84607 | 80377 | LEASED |
| 5456 | HEALTH SERVICES ADMINISTRATION BUILDING | 313 N FIGUEROA ST, LOS ANGELES 90012 | 221359 | 134851 | OWNED |
| 0181 | KENNETH HAHN HALL OF ADMINISTRATION | 500 W TEMPLE ST, LOS ANGELES 90012-2713 | 958090 | 591457 | FINANCED |
| 0155 | STANLEY MOSK COURTHOUSE | 111 N HILL ST, LOS ANGELES 90012 | 794459 | 441761 | OWNED |
| 3155 | THE MUSIC CENTER-DE LISA BUILDING/ THE ANNEX | 301 N GRAND AVE, LOS ANGELES 90012 | 27582 | 17978 | OWNED |
| Y013 | DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE | 813 E 4TH PL, LOS ANGELES 90013 | 39956 | 25158 | OWNED |

**AMENDMENT NO. 5 TO LEASE NO. 58575
695 SOUTH VERMONT AVENUE, LOS ANGELES**

THIS AMENDMENT NO. 5, TO LEASE NO. 58575 made, entered and dated as of this _____ day of _____, 2005 by and between **WILMONT INC.**, a California Corporation (successor to Marten Management Company, Inc.), hereinafter referred to as "LESSOR" and the **COUNTY OF LOS ANGELES**, a body corporate and politic, hereinafter referred to as "LESSEE".

W I T N E S S E T H

WHEREAS, a Lease and Agreement by and between Marten Management Company, Incorporated, a Delaware Corporation, as Lessor, and the County of Los Angeles as Lessee was executed on March 1, 1988 (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 695 South Vermont Avenue, Los Angeles, California, as amended by Amendment No. 1 on October 31, 1989, Amendment No. 2 on June 4, 1996, Amendment No. 3 on October 17, 2000, Amendment No. 4 on July 12, 2004 and;

WHEREAS, WILMONT INC., a California Corporation, (successor to Marten Management Company, Inc.), is now the Lessor and retains all rights and responsibilities granted pursuant to Lease No. 58575 dated March 1, 1988, as amended and;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease and Agreement to extend the term, improve the premises, provide Lessee an additional renewal option and adjust the rentable square footage of the Premises according to Building Owners and Managers Association (BOMA) standard and;

WHEREAS, the terms of this Amendment No. 5 to Lease No. 58575 will not become effective until such time that said Amendment is executed by all parties herein;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, and intending to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. DESCRIPTION OF PREMISES: Paragraph 1, DESCRIPTION OF PREMISES, as amended, is hereby deleted in its entirety and the following is substituted therefor:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 695 South Vermont Avenue, Los Angeles, in the County of Los Angeles, State of California, consisting of 14,730 rentable square feet of office space in the South Office Tower (the "Building"), more particularly

described as the entire 14th floor of the Building ("Premises"). The Premises shall consist of a portion of the building referred to above and situated on the parcel(s) of real property ("Land") the address of which is set forth above and legally described as Lots 1-11, Book D, Wilshire Boulevard Heights, in Map Book 6, Page 47, of Maps, recorded in the County of Los Angeles.

Lessee has field-measured and verified the exact square footage of the Premises to be 14,730 rentable square feet. All measurements were taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Managers Association (BOMA) International.

2. **TERM:** Paragraph 2.A., ORIGINAL TERM, is hereby deleted in its entirety and the following is substituted therefore:

The original term of this Lease commenced April 10, 1989 and is hereby extended such that it shall end five (5) years after adoption of Amendment No. 5, by the Board of Supervisors, unless this Lease is extended, canceled or otherwise terminated in accordance with the conditions and provisions of the Lease. The Premises rent shall not be due and owing until Lessee's acceptance of the improvements described in Paragraph 6, hereof, which acceptance shall not be unreasonably withheld. Lessee hereby agrees to make timely inspections and to give timely notice of its approval or disapproval of said work.

3. **TERM:** Paragraph 2. B., OPTIONS TO RENEW, is hereby deleted in its entirety and the following is substituted therefor:

Lessee shall have the option to renew this lease for a period of five (5) years (the "Option Term"), under the same terms and conditions except that the rental rate shall be adjusted by negotiation and shall not exceed ninety-five percent (95%) of the fair rental value which Lessor could derive from the Premises if they were made available on the open market ("Fair Rental Rate"). The Fair Rental Rate of the Premises shall be determined by using the rental rate prevailing for similarly-improved office space within a one (1) mile radius of the Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last nine (9) months immediately preceding the commencement date of the Option Term.

Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than sixty (60) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

Lessor and Lessee each shall have the right to field-measure and verify the exact square footage of the leased Premises prior to commencement of the Option Term. All measurements to be taken in accordance with the methods of measuring rentable/usable

area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International.

4. CANCELLATION: Paragraph 5, CANCELLATION, is hereby deleted in its entirety and the following is substituted therefor:

Lessee shall have the right to cancel this Lease at or any time after thirty-six (36) months of the Lease term by giving Lessor not less than one-hundred twenty (120) days prior written notice by Chief Administrative Office letter.

5. PARKING SPACES: Paragraph 20, PARKING SPACES, is hereby amended by deleting any and all reference to forty-three (43) parking spaces and substituting therefore fifty-five (55) parking spaces.

6. PREPARATION OF PREMISES: Paragraph 28, ALTERATIONS PREPARATION OF PREMISES, is hereby deleted in its entirety and the following is substituted therefor:


Within thirty (30) days of the date the Lessor is notified in writing the Board of Supervisors of the County of Los Angeles has approved this Amendment, Lessor, at its sole cost and expense, shall paint the entire Premises, and anytime after twenty-four (24) months from the commencement of the term set forth in Paragraph 2, of this Amendment No. 5, as determined by Lessee at its sole discretion, shall install new carpet squares throughout the entire Premises (collectively, the "Improvements"). Lessor shall perform all work during weekends and after normal business hours.

In the event Lessor should fail, neglect or refuse to commence the preparation of the Improvements required by Paragraph 28 herein, or fail, neglect or refuse to pursue the Improvements with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said Improvements and deduct the cost thereof from the installments of rent next due as a charge to the Lessor.

7. Wherever a conflict exists in the terms or conditions of this Amendment No. 5 to Lease No. 58575 and prior amendments or the original Lease, the terms and conditions of this Amendment No. 5 shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 5 to Lease No. 58575 or caused it to be duly executed, and the County of Los Angeles has caused this Amendment to be executed by the Board of Supervisors and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:
WILMONT INC.

By: _____

Its: COO_____

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chair, Board of Supervisors

APPROVED AS TO FORM
Raymond G. Fortner, Jr.
County Counsel

By: _____
Amy M. Caves
Senior Associate County Counsel

695Amd5